

ALABAMA BUSINESS MeF HANDBOOK



**For Electronic Filers who file Alabama Business Privilege
Tax Returns/Reports Electronically
via the Federal/State MeF System**



Alabama Department of Revenue
Business Privilege Tax Electronic Filing
Publication AL4163-B (10/01/2012)

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Introduction & General Information

Alabama Department of Revenue Mission Statement:

The Alabama Department of Revenue will efficiently and effectively administer the revenue laws in an equitable, courteous and professional manner to fund governmental services for the citizens of Alabama.

Overview of Modernized e-File Program (MeF):

The Alabama Department of Revenue (ADOR), in conjunction with the Internal Revenue Service (IRS), is accepting Alabama Business Privilege Tax Form CPT (Corporate Privilege Tax) and Alabama Business Privilege Tax Form PPT (Pass Through Privilege Tax) and corresponding forms and schedules for tax year 2013 by using the IRS' Modernized E-File system (MeF). The transmission method will be a Web Service using Simple Object Access Protocol (SOAP) with attachments messaging. The return data will be formatted using Extensible Markup Language (XML). Authorized E-File providers, also known as Electronic Return Originators (ERO's) can submit returns to the IRS MeF system for federal and state return processing.

Software developers must test with the ADOR and receive approval prior to submitting live State-Only returns.

General Information:

The Department will accept the following return types:

- State Only
- 1. State-Only Electronic Return Transmissions - IRS provides the ability for an ERO or individual to transmit/retransmit a state return through the fed/state system without simultaneously transmitting a federal return. There is no difference in the transmission sequence. State-Only returns are transmitted to the IRS, validated and made available for states to download in the same fashion as with the traditional fed/state transmission. This provides a means for individuals who file multiple state returns to have each participating state's return electronically filed. However, each state return must be transmitted separately. The taxpayer's federal return must be completed, transmitted and accepted by the IRS before transmitting/re-transmitting a State-Only return.

Supported Alabama Forms:

The Department will support the following forms and schedules for Business Privilege Tax return processing:

- Alabama Form CPT (Schedules AL-CAR and Schedule G).
- Alabama Form PPT (Schedules AL-CAR and Schedule BPT-E)

Supporting documentation as required (See pages 16-17 for a complete list) to be attached in XML for the Alabama return to be considered complete.

Failure to attach the complete federal return with the necessary supporting schedules may result in the imposition of delinquent penalties.

Exclusions from Business Privilege Tax Electronic Filing include:

- Returns for a Tax Year prior to 2013 (Form PPT and Form CPT)
- Amended returns
- 52-53 week filer returns
- Name Change Returns

Alabama will only accept one return each filing season, any subsequent filings such as additional short year returns and amended returns must be filed by paper.

Please note: The Department will generally not approve a request to waive the electronic filing requirement if the software purchased or licensed by a taxpayer or a return preparer does not include all of the features necessary to comply with the Modernized e-File requirements set forth in Department regulations, revenue procedures, publications, and other instructions posted to the <http://www.revenue.alabama.gov> website.

The Department of Revenue encourages electronic filing; however, we neither support nor recommend any software company. You must address technical and support issues with the company whose product you select.

Please see the approved e-file Providers list at the following web address:
<http://www.revenue.alabama.gov/incometax/corpefilevendors.htm>.

Reminders for Tax Year 2013 /Filing Season 2013:

1. **Mandatory e-filing for Business Privilege Tax returns** – It is not mandatory to electronically file Business Privilege Tax returns as of 10/01/2012.
2. **Business Privilege Tax returns are filed separately from Business Income Tax returns; therefore, Business Privilege Tax returns will have a separate Submission ID as well as a separate acknowledgement.**
3. The necessary supporting schedules and documents as filed with the IRS **are required to be submitted in XML format** with each submission except for Insurance Companies. Insurance Companies are required to attach a pdf of the federal return. Failure to submit the supporting documentation in XML format may result in the imposition of delinquent penalties and the return filed will be considered incomplete.
4. For TY2013/Filing Season 2013 a **Direct Debit** option for payments and **Direct Deposit** option for refunds is available for Business Privilege Tax returns.
5. All returns must be transmitted through the software vendor. The State of Alabama does not allow independent filing at this time.
6. Taxpayers with foreign addresses are able to e-file.
7. The maximum size per submission is 300MB. This includes the Alabama return, federal xml data and all attachments.
8. For a company filing a form 20C who files as part of a consolidated federal return and all form 20CC, Consolidated Corporate Income Tax Returns, the following information is required to be attached to the Business Privilege Tax Return:
 - a. Pages 1-5 of the consolidated form 1120 (Consolidated1120.pdf)
 - b. Consolidated Income Spreadsheet including the column that identifies any eliminations or adjustments that occur as a result of the federal consolidation rules (ConsolidatedIncome.pdf)
 - c. Consolidated Balance Sheets by separate company for the beginning and end of year (ConsolidatedBalance.pdf)
9. If the business entity does not have an FEIN (Federal Employer Identification Number) then report all 9's for the FEIN (Form CPT & PPT, Page 1, Line 3b), check the "FEIN NOT

REQUIRED" checkbox and report the BPT Account Number (Form CPT & PPT, Page 1, Line 3d).

10. The state of Alabama allows a **10 BUSINESS** day period to re-transmit the corrected return. **The perfection period starts from the date the State of Alabama rejects the original submission.** The original submission id must be transmitted with the perfected return. This way the original submission date can be populated in our system to prevent any late filing penalties being assessed.

The Form AL8453-B must be completed and signed by all required parties. The ERO will retain Form AL8453-B along with a copy of the electronic tax return. Do not submit this form to the Alabama Department of Revenue unless requested to do so. See www.revenue.alabama.gov/incometax/corpefilemain.htm for Business Privilege Tax Declaration for Electronic Filing (AL8453-B).

See Binary Attachments chart in Publication AL4163-B and/or AL4164-B for correct attachment naming.

****To avoid the most common cause of error rejections ensure you are using the most current version of your Vendor's software and any required or conditional binary attachments are physically attached and correctly named.****

Contact Information:

******Please always contact your software vendor first for assistance.******

FOR TECHNICAL QUESTIONS REGARDING:

- The web site
- The XML Schema
- The Summary of the XML Schema (spreadsheet)
- Additional detail of schema elements
- The sample return
- The sample xml instance document
- Software testing and approval
- Missing acknowledgements

CONTACT:

Nicci Jones, Business MeF Coordinator
Individual & Corporate Tax Division
Alabama Department of Revenue
P.O. Box 327450
Montgomery, AL 36132-7450

EMAIL: Corporate.Efile@revenue.alabama.gov or nicci.jones@revenue.alabama.gov
TELEPHONE: 334-353-0685
FAX: 334-353-8068

For Forms Questions regarding:

- Form/schedule development
- Substitute forms approval

CONTACT:

Andrea Wyatt, Forms Officer
Individual & Corporate Tax Division
50 N Ripley St, Room 4212
Montgomery AL 36104

EMAIL: Andrea.Wyatt@revenue.alabama.gov

TELEPHONE: 334-353-9447

FAX: 334-242-0064

For Business Privilege Tax Questions regarding:

- Business Privilege Tax Laws and Regulations
- Filing requirements
- General correspondence
- Billings
- Refunds
- Name and address changes
- Preliminary and Final Assessments

CONTACT:

Business Privilege Tax Section
Individual & Corporate Tax Division
Alabama Department of Revenue
P.O. Box 327900
Montgomery, AL 36132-7900

TELEPHONE: 334-353-7923

EMAIL: www.revenue.alabama.gov/incometax/mailform.cfm

Select Business Privilege from the dropdown list

FAX: 334-242-8915

Other information:

Alabama Department of Revenue website – www.revenue.alabama.gov

Business Privilege Tax Electronic Filing Information –
<http://revenue.alabama.gov/incometax/corpefilemain.htm>

Internal Revenue Service (IRS) – www.irs.gov

State of Alabama MeF Program Rules and Regulations

Participation in the MeF Program:

Those who wish to participate in the Federal/State Electronic Filing Program must first apply to the IRS by submitting Form 8633, Application to Participate in the Electronic Filing Program. IRS Publication 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers of Forms CPT and PPT and Publication 3112, IRS e-file Application and Participation specifies the application process and requirements for federal participation. In order to begin e-filing tax returns, you must apply and be accepted as an Authorized IRS e-file Provider. The quickest way to apply is to use the IRS e-file Application On-Line. For more information go to the link below:

The ADOR automatically accepts electronic filers (electronic return originators and transmitters) which have been accepted to participate in the Federal Electronic Filing Program. No additional registration is required on the part of electronic filers. This document, **Publication AL4163-B Alabama Handbook for Electronic Filers of Business Privilege Tax Returns** is to be used in conjunction with **IRS Publication 4163**.

IRS Publication 4163 provides detailed instructions on policies and procedures for the federal electronic filing program. All rules, regulations, and requirements governing tax preparers, transmitters, and originators of returns specified by the IRS are in effect for the ADOR. This document sets forth the requirements unique to the filing of Alabama business privilege tax returns. Together the documents specify the requirements for the joint electronic filing of Alabama Business Privilege Tax. **Therefore, electronic filers are encouraged to become thoroughly familiar with both documents.**

ERO and Transmitters Responsibilities:

Electronic Return Originators (EROs) and transmitters must be approved with the IRS in order to submit Fed/State or State-Only returns. EROs and transmitters must maintain a high degree of integrity, compliance, and accuracy to continue participation in the Alabama Electronic Filing Program.

1. Confidentiality:

Unauthorized access or disclosure of confidential taxpayer information will result in severe Federal and Alabama criminal and civil penalties. In accordance with Code of Alabama, 1975 §40-2A-10 disclosure of confidential information in violation of this statute is a class A misdemeanor.

2. Compliance:

Alabama participates in the federal/state electronic filing program. Therefore, all **EROs and transmitters must meet all federal and state requirements**. The following guidelines compliment the IRS' guidelines.

- Comply with all federal and state procedures, requirements and specifications as defined in the following publications:
 - IRS Publication 4164 - Modernized e-File Guide for Software Developers and Transmitters
 - Alabama Publication AL4163-B – Alabama Handbook for Electronic Filers of Business Privilege Tax Returns
 - Alabama Publication AL4164-B - Software Developers and Transmitters Guidelines and Schemas for Alabama Business Privilege Tax Returns
 - Alabama Publication AL4162-B - Alabama Business Privilege Test Package

Alabama publications are not intended to alter or amend the IRS requirements and guidelines.

- Provide accurate Alabama business privilege returns in correct electronic format for transmission.

3. Timeliness of Filing:

EROs must ensure that electronic returns are filed in a timely manner (See Filing Chart below for due dates). The receipt date of the electronic transmission is based on the IRS received date. **Any return not acknowledged by the Department as “accepted” is considered not filed.**

FILING CHARTS:

Return Due Date Chart Forms CPT and PPT (Corporations) Tax Year 2013					
Tax Period Beginning & Ending Dates	Tax Period	*Due Date (Weekends Considered)	6 Month Extension Due Date (Weekends Considered)	Tax Year of Return	
1/1/2011 - 12/31/2012	201301	3/15/2013	9/16/2013	2013	
2/1/2011 - 1/31/2013	201302	4/16/2013	10/15/2013	2013	
3/1/2011 - 2/29/2013	201303	5/15/2013	11/15/2013	2013	
4/1/2011 - 3/31/2013	201304	6/17/2013	12/17/2013	2013	
5/1/2011 - 4/30/2013	201305	7/15/2013	1/16/2014	2013	
6/1/2011 - 5/31/2013	201306	8/15/2013	2/17/2014	2013	
7/1/2011 - 6/30/2013	201307	9/16/2013	3/17/2014	2013	
8/1/2011 - 7/31/2013	201308	10/15/2013	4/15/2014	2013	
9/1/2011 - 8/31/2013	201309	11/15/2013	5/15/2014	2013	
10/1/2011 - 9/30/2013	201310	12/16/2013	6/16/2014	2013	
11/1/2011 - 10/31/2013	201311	1/15/2014	7/15/2014	2013	
12/1/2011 - 11/30/2013	201312	2/17/2014	8/15/2014	2013	
Legal Due Date is the 15 th of each month.					

Return Due Date Chart Form PPT (LLEs and Qualifying Disregarded Entities) Tax Year 2013						
Tax Period Beginning & Ending Dates		Tax Period	*Due Date (Weekends Considered)	6 Month Extension Due Date (Weekends Considered)	Tax Year of Return	
1/1/2011	- 12/31/2012	201301	4/15/2013	10/15/2013	2013	
2/1/2011	- 1/31/2013	201302	5/15/2013	11/15/2013	2013	
3/1/2011	- 2/29/2013	201303	6/17/2013	12/16/2013	2013	
4/1/2011	- 3/31/2013	201304	7/15/2013	1/15/2014	2013	
5/1/2011	- 4/30/2013	201305	8/15/2013	2/17/2014	2013	
6/1/2011	- 5/31/2013	201306	9/16/2013	3/17/2014	2013	
7/1/2011	- 6/30/2013	201307	10/15/2013	4/15/2014	2013	
8/1/2011	- 7/31/2013	201308	11/16/2013	5/15/2014	2013	
9/1/2011	- 8/31/2013	201309	12/16/2013	6/16/2014	2013	
10/1/2011	- 9/30/2013	201310	1/15/2014	7/15/2014	2013	
11/1/2011	- 10/31/2013	201311	2/17/2014	8/15/2014	2013	
12/1/2011	- 11/30/2013	201312	3/17/2014	9/15/2014	2013	
Legal Due Date is the 15 th of each month.						

After an electronic return is acknowledged as accepted, it cannot be recalled, intercepted or changed in any manner. If either the ERO or taxpayer wishes to change any entries on an accepted electronic return, an amended paper return must be filed.

4. Responsibility to Clients:

EROs are entrusted with the task of filing a client's tax return and must assume the responsibility of ensuring that the return arrives at the Alabama Department of Revenue. In the event that the electronic Alabama return fails to arrive at its destination, EROs must notify their clients of the requirement to file a paper return.

5. Form Retention Requirements:

The ERO is required to retain an electronic copy of all returns, form 8453-B, forms and schedules submitted for a period of three years from the due date of the return or the date the return was filed, whichever is later. If the need arises, the Department may request any of the documents, in writing, and the ERO must provide a copy of the document within five working days of the request. Should an ERO decide to no longer remain in the business, the Department must be notified, in order to, determine the proper resolution of electronic filing program documents and records.

ADOR Monitoring and Suspension of Electronic Submission Policy:

The Department will monitor the quality of electronic transmissions. If the quality is unacceptable, The Department will contact the ERO, software developer or transmitter. The Department will also monitor complaints about electronic filers and issue warning or suspension letters as appropriate. **The Department reserves the right to suspend the electronic filing privilege of any electronic filer, software developer or transmitter who varies from the requirements, specifications and procedures stated in this guide or any corresponding administrative rules, or who does not consistently transmit error-free returns.** When suspended, the electronic filer, software developer, or transmitter will be advised of the requirements for reinstatement into the program.

ADOR E-File Waiver Policy:

Software Limitations: The Department will generally not approve a request to waive the electronic filing requirement if the software purchased or licensed by a taxpayer or a return preparer does not include all of the features necessary to comply with the Modernized e-File requirements set forth in Department regulations, revenue procedures, publications, and other instructions posted to the revenue.alabama.gov website.

Frequently Asked Questions Regarding the Business Privilege Mandate Regulations:

Q. Is there a mandate to electronically file Business Privilege returns?

No, as of October 1, 2012 there is not a mandate to electronically file Business Privilege Tax returns.

Information Applicable to All Forms

Transmitting the Returns:

Authorized E-File providers can transmit Business Privilege Tax returns to the IRS MeF system for State return processing. State submissions can only be made as a State Only or unlinked submission (*a complete copy of the federal return as filed with the IRS must also be attached to a state only submission*). Each return (State Only) must be in a separate submission. Multiple submissions can be contained in a single message payload.

Packaging of data and transmission payload must be in the proper format.

Returns filed in XML format with SOAP attachments allow for binary attachments to the submission. These attachments may consist of Signature documents, balance sheets, statement records, or other types of documentation. The allowed file type for attachments is file extension .PDF. The file order of attachments and procedures must follow IRS requirements for binary attachments as found in IRS publication 4163. The Department will allow for binary attachments to the state return. Send data elements only if they contain data values. **Do not send empty data elements (i.e., zero financial fields, unused elements, etc.)**

Other Packaging Guidelines:

- A submission contains either an IRS return or a state return
- Each submission is a separate file.
- Each federal return must be submitted in the agreed upon IRS XML format.
- Each state return must be submitted in the XML format specified and agreed to by IRS, state agencies, transmitters, and software developers. For more information go to www.statemef.com
- Each state return must include a copy of the FEDERAL RETURN as submitted to the IRS and any attachments associated with that federal return. **If the taxpayer is included in the federal return of a consolidated group, a copy of the pro-forma FEDERAL RETURN for the company must be included along with the first four pages of the consolidated federal return.**
- Each submission must be in Zip Archive format.
- No nesting of Zip archive files or returns will be allowed. (i.e. one submission, one zip.)
- The SOAP message itself must not be compressed or zipped.
- The message contains a header, a body, and an attachment. See Modernized E-File Logical ICD Model for message layout and message technical specifications.
- ERO's and transmitters must be approved with the IRS in order to submit Fed/State or State Only returns.
- The Department will produce an acknowledgement of acceptance or rejection for each state submission. The transmitter may then retrieve the Department's acknowledgement from the IRS.

Attachments to the Electronic return:

The tax return may also include non-XML documents, known as "binary attachments", submitted in PDF format. Approved tax preparation software must provide the necessary instructions for creating and submitting all required attachments. These attachments include items from the following sources:

- Required by the return. Example – a line on the form states "attach itemized schedule"
- Required by the form instructions. Example – instructions state "attach a statement to line XX..."

Approved MeF tax preparation software should provide the necessary instructions for creating, scanning or exporting documents in PDF format and submitting these documents as attachments that are required by Alabama and IRS Publications, Code, and/or Regulations. Preparers will create the binary attachments as pdf documents and submit them as electronic files attached to the MeF return. Check with your software provider to see if your software will support binary attachments. These binary attachments are included to allow taxpayers the ability to provide requested documentation that includes required signatures and third party documents as required by forms and instructions (signed copy of lease, signed appraisal statement, etc).

MeF tax preparation software must use the following names for binary attachments because they will be validated by Alabama Department of Revenue business rules.

Conditional Binary Attachments	Required Binary Attachment Title
If type of taxpayer is Insurance Company then a pdf including the Annual Statements of Liabilities, Surplus, and Other Funds must be attached.	liability.pdf and
If type of taxpayer is Insurance Company then a pdf including the Schedule T (Premiums and Annuity Considerations) must be attached.	scheduleT.pdf
If type of taxpayer is Insurance Company then a pdf including pages 1-8 of the Federal Return (Form 1120PC or 1120L) must be attached.	federal.pdf
A complete schedule AL-Car must be attached if the entity is a corporation registered to transact business in Alabama.	alcar.pdf
Book Value of Investments – This pdf should include a listing for each separate investment, the name of the taxpayer, the taxpayer's FEIN, the taxpayer's address and the book value of the investment.	investment.pdf
Book Value of Investments (Financial Institution exclusion) – This pdf should include a listing for each separate investment, name of entity, entity's FEIN, entity's address and book value of the investment.	fininsinvestment.pdf
Amount Adjusted Net Worth Exceeds 6% - This pdf should include the computation of the amount claimed.	adjustednetworth.pdf
Goodwill – This pdf should include for each direct purchase the goodwill originally acquired, the date the direct purchase occurred, accumulated amortization, the name and location of the business acquired and the name and FEIN of the entity that acquired the business and goodwill.	goodwill.pdf
Unamortized Post-Retirement benefits – This pdf should include a description of benefits, amortization schedule, and the line detail of the post-retirement benefits on the balance sheet.	unamortizedproperly.pdf

Apportionment Factor – This pdf should include a copy of Alabama Form 20C Schedule D-1, Form 20S or Form 65 Schedule C showing the apportionment factor calculations.	apportionmentfactor.pdf
Net Investment in Bonds – This pdf should include the net amount invested, issuing agency, issuance date, and how the investment is reported on the taxpayer's balance sheet.	bondsecurity.pdf
Net Investment in Pollution Control – This pdf should include supporting documentation.	pollutioncontrol.pdf
Reserves In Alabama – This pdf should include the applicable law or regulation that establishes the taxpayer's liability, computation of that liability, and identify the location of the plant, facility, mine or site in Alabama.	alabamareserves.pdf
Investment in Housing – The pdf should include the name of the project, the FEIN of the project, the site of the project, the net amount invested in the project and it must identify how the investments are reported on the taxpayer's balance sheet.	housingproject.pdf
Enterprise Zone Credit – The pdf should include documentation from ADECA (Alabama Dept. of Economic and Community Affairs) reporting the amount of credit the taxpayer is entitled to claim.	alenterprisecrtdt.pdf
Consolidated Return Indicator is checked on Schedule G then a pdf worksheet that lists Form CPT information (lines 1-20 of page 2) for each member included in the financial institution group must be attached.	fininsconsol.pdf

For all other binary attachments, the tax preparation software must provide the taxpayer the ability to enter a meaningful name. The following table provides a few examples of meaningful names.

CONDITION	BINARY ATTACHMENT TITLE
If required to attach a balance sheet.	balancesheet.pdf
If file a consolidated corporate tax return.	ConsolidatedIncome.pdf
If file a consolidated corporate tax return.	ConsolidatedBalance.pdf

Signing An Electronic Return (AL8453-B):

As with any business privilege tax return submitted to the Department on paper, an electronic Business Privilege tax return must be signed by an authorized corporate officer/partner and the paid preparer, if applicable.

Business Privilege - The Corporation/Partnership (taxpayer) must designate an officer/partner responsible for signing the income tax return. **The officer/partner must sign and date the AL8453-B “Business Privilege Tax Declaration for Electronic Filing” to authorize the origination of the electronic submission of the return prior to the transmission of the return.** The Declaration includes the taxpayer's declaration that the return is true, correct and complete, as well as the

taxpayer's Consent to Disclosure. The Consent to Disclosure authorizes the Department to disclose information to the taxpayer's Authorized IRS e-file Providers. Intermediate Service Providers, Transmitters and EROs are authorized by taxpayers to receive acknowledgement of receipt or reason for rejection of the electronic return from IRS. **If the electronic return data on a Business Privilege tax return is changed after the taxpayer has signed the Declaration, the taxpayer must sign a new declaration if the amounts differ.**

ERO - The ERO must sign and complete the requested information in the "Declaration of Electronic Return Originator (ERO) and Paid Preparer section after thoroughly reading the declaration. An ERO may authorize members of its firm or designated employees to sign for the ERO, but the ERO is still responsible for all electronically filed returns originated by its firm. EROs do not have to disclose their EIN or SSN on the copies they provide to taxpayers.

Paid Preparer - If the return was prepared for a fee, the paid preparer must also sign the AL8453-B. If the paid preparer is also the ERO, the preparer may check the "Also the Paid Preparer" box and not complete the "Paid Preparer's Use Only" section. Paid Preparers do not have to disclose their SSNs or EINs on the copies they provide to taxpayers.

The Form AL8453-B must be completed and signed by all required parties. Do not submit this form to the Alabama Department of Revenue unless requested to do so.

The ERO is required to retain a copy of this form along with an electronic copy of all returns, forms and schedules submitted for a period of three years from the due date of the return or the date the return was filed, whichever is later. If the need arises, the Department may request any of the documents, in writing, and the ERO must provide a copy of the document within five working days of the request. See Section 5 ERO and Transmitters Responsibilities, Form Retention Requirements and Appendix I for the AL8453-B.

Electronic Payment Options:

Taxpayers who file their return electronically can elect to pay their balance due electronically as well. They can elect to pay their balance or receive a refund the following ways:

1. Direct Debit at the time of filing the electronic return through the Software Provider.
2. Pay through MAT, My Alabama Taxes, (<https://myalabamataxes.alabama.gov/>)
3. ACH DEBIT PAYMENT METHOD (<http://www.revenue.alabama.gov/eft/eftdebit.pdf>):

The ACH Debit payment method is the primary method used by taxpayers to make payments for a tax under the Alabama EFT Tax Payment Program. The process is safe, simple, and convenient, and the cost of processing ACH Debit payment transactions is borne by the Department. Each individual EFT payment is only initiated upon the express authorization of the taxpayer. There are three methods of filing an ACH Debit Payment: 1) Operated Assisted, 2) Touchtone Telephone Method, 3) Internet Method.

4. ACH CREDIT PAYMENT METHOD (<http://www.revenue.alabama.gov/eft/eftcredit.pdf>):

The Department will allow taxpayers to use the ACH Credit payment method only if certain qualifying conditions are met. A taxpayer must request permission from the Department to use the ACH Credit method and submit a written request, accompanying the EFT001 form, which demonstrates the existence of a valid business operational reason for using the ACH Credit payment method in lieu of the ACH Debit payment method. Taxpayer requests to use the ACH Credit method will be reviewed on a case-by-case basis. A taxpayer who is already using the

ACH Credit method to pay taxes for other states is deemed to have a valid business reason for using the ACH Credit method to make payments for Alabama taxes.

The Department reserves the right to revoke the ACH Credit method payment privilege of any taxpayer for the following reasons:

- a) Failure to transmit consistently error-free payments
- b) Substantial variation from the requirements and specifications of the rules of the Alabama EFT Tax Payment Program;
- c) Failure to make timely EFT payments or to provide timely payment information; or,
- d) Failure to provide the addenda record, required by the Alabama EFT Tax Payment Program, with the EFT payment.

To register for EFT taxpayers must complete the EFT:001 form entitled EFT Authorization Agreement Form, and mail or fax it to the Department's EFT Unit. The mailing address and fax number are given at the top of the form. The EFT:001 form and instructions can be downloaded from the Department's Web site at <http://www.revenue.alabama.gov/efit/efitindex.html>.

Acknowledgement Types:

The Department will generate an acknowledgement for all returns received. The acknowledgement record/XML schema format is included in this publication.

The Alabama acknowledgement types are:

1. ACCEPTED: This acknowledgement indicates the electronic return was received and successfully completed the pre-entry validation process. No further action is required regarding the transmission. **Any return not acknowledged by the Department as "accepted" is considered not filed. Please be sure the acknowledgement is for the specific form type that was submitted (i.e. submission type PPT or submission type CPT).**

2. REJECTED: This acknowledgement indicates the electronic return was received and failed to successfully complete the pre-entry validation process. **The acknowledgement will contain an error rejection code number followed by a message indicating the error causing the rejection, or in the case of a schema validation error only the schema error message will be displayed.** The error conditions must be corrected and the return can then be re-transmitted as a "State-Only" return. If a rejection occurs on the due date of the return it will be considered timely filed if it is corrected and re-transmitted **within the 10 business day perfection period**. Only after all attempts to correct the return and re-transmit have failed may the return be filed as a paper return. In order for the paper return to be considered timely it must be filed by the later of the due date of the return or ten (10) business days after the date Alabama gives notification the return is rejected. The paper return should include (1) an explanation of why the return is being filed after the due date (2) a copy of the reject notification from Alabama to avoid late filing penalties and interest and (3) a signed copy of the AL8453-B in lieu of a signature on the paper return.

Returns prepared with software that is not approved by the Department will be rejected. Unless authorized by the taxpayer to discuss the return with the preparer, the Department will communicate directly with the taxpayer if additional information is needed to correct a return. EROs and transmitters will only be given limited information about the tax return, including acknowledgment of receipt by the Department through the IRS and the reason for any processing delay. See Publication AL4165-B for Alabama Error Reject Codes. Also see the business rules document for field length specifications and other business rules including **Validation Error Codes** and descriptions on the department's web site at <http://revenue.alabama.gov/incometax/2012corpefiledocuments.htm>.

EROs and Transmitters should allow 5 business days to receive the State acknowledgement before contacting the Department.

ERROR CATEGORIES:

All MeF business rules are divided into 12 error categories. The first eight categories validate the XML data:

1. Missing Document – a tax return document is required but was not included in the tax return.
2. Data Mismatch – the data in two fields should be the same but is not.
3. Duplicate Condition – the tax return or the transmission file was previously received and accepted by the Department.
4. Math Error – results when a computation is incorrect.
5. Incorrect Data – data violates a business rule even though it is syntactically correct. That is, the data values for elements must conform to the format specified and the data type. Also, the data values for elements must contain only values allowed for them in the schema.
6. Missing Data – data is not provided for a required field.
7. Database Validation Error – data provided does not match the IRS database or the data provided should be present in the IRS database but is not. (e.g. the SoftwareID in the Return Header must be listed in the MeF database and in accepted status.)
8. XML Error – the data violates Schema specification. The return and transmission documents must conform to the version of the XML schema they specify.
9. System Error – a return encounters a problem with the IRS systems that prevents the return from being processed electronically.
10. Unsupported – a submitted item(s) is sent to a location that does not accept it or an unusual condition is encountered in the data.

Special Instructions For Specific Forms

Calendar year 2012 and fiscal years or short-years that begin on or after January 1, 2013 may be electronically filed. The tax year begin date and the tax year end date must be completed if the Fiscal Year (FY) is selected. If the Calendar year (CY) check box is selected the tax year begin date and tax year end date will be January 1, 2012 and December 31, 2012 respectively. Currently, Alabama only accepts one return each filing season, any subsequent filings such as additional short year returns and amended returns must be filed by paper.

The Alabama Business Privilege Tax Return - Form CPT, Alabama Corporation Privilege Tax Return and Form PPT, Alabama Pass Through Privilege Tax Return are not considered complete and properly filed unless the required documentation is included as a binary attachment (See pages 11-13 for a list of binary attachments).

The total amount of the Business Privilege tax liability for the period is due on or before the un-extended due date of the return. Any balance of tax due and not paid on or before the un-extended due date will be subject to a failure to timely pay penalty and will accrue interest at the rate established by the Secretary of the Treasury under the authority of 26 U.S.C. §6621. For tax year 2009 and forward an extension to file will be automatically granted with **no request required by the taxpayer.**

Please refer to Section 5 “Return Due Date Charts” for the appropriate form’s due date.

FORM CPT – ALABAMA CORPORATE PRIVILEGE TAX RETURN

SPECIAL ISSUES REGARDING FILING STATUS:

Which entity types file a Form CPT?

- C Corporations, Financial Institutions, Business Trusts, Insurance Companies and LLEs taxed as a Corporation

SPECIAL ISSUES REGARDING FEDERAL RETURN ATTACHMENT:

Attach federal Form 1120 in XML unless one of the exclusions below pertains to your organization:

- If you are currently not required to e-file the federal return then attach pages 1 through 5 of the federal return as a binary attachment.
- Insurance companies must attach pages 1 through 8 of the federal return, Annual Statement of Liabilities, Surplus and Other Funds, and Schedule T as reported in the annual statements.
- Real Estate Investment Trusts (REITs) – attach pages 1 through 5 of the federal return as a binary attachment.

SPECIAL ISSUES PERTAINING TO SPECIFIC SCHEDULES:

Schedule AL-CAR (Alabama Corporate Annual Report) – The Corporate Annual Report must be completed for corporations and attached to the Business Privilege Tax return if the entity is incorporated, registered or qualified through Alabama Secretary of State’s office to transact business in Alabama.

Schedule G (Alabama Business Privilege Tax Financial Institution Group Computation Schedule) - The Schedule G is used to compute the Alabama business privilege tax liability for financial institution groups, as defined by Section 40-14A-22(f), **Code of Alabama 1975.**

Schedule D-1 (Apportionment Factor Schedule for C Corporations) - This schedule is located on Form 20C and is used for taxpayers doing business in Alabama or multistate taxpayers.

For more information please see Form CPT instructions. Visit our Web site at www.revenue.alabama.gov for additional information or current law changes.

FORM PPT – PASS THROUGH PRIVILEGE TAX RETURN

SPECIAL ISSUES REGARDING FILING STATUS:

Which entity types should file a Form PPT?

- S Corporations, Limited Liability Entities and Disregarded Entities

SPECIAL ISSUES PERTAINING TO SPECIFIC SCHEDULES:

Schedule C (Apportionment Factor Schedule for S Corporations and Limited Liability Entities) – This schedule is located on Forms 20S and 65 and is used for taxpayers doing business in Alabama or multistate taxpayers.

Schedule BPT-E (Family Limited Liability Entity Election Schedule) – This schedule should be used when Line 18, Page 1 of Form PPT is checked. The taxpayer must complete Part 1 (80% ownership test) and either the Gross Receipts Test or Assets Test in Part 2.

Schedule AL-CAR (Alabama Corporate Annual Report) – The Corporate Annual Report must be completed for corporations and attached to the Business Privilege Tax return if the entity is incorporated, registered or qualified through Alabama Secretary of State's office to transact business in Alabama.

For more information see Form PPT instructions. Visit our Web site at www.revenue.alabama.gov for additional information or current law changes.